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NOTES AND MEMORANDA.

ETHNIC STRATIFICATION AND DISPLACEMENT.

In an article in the January number of this *Journal* the distinction was emphasized between social selection, on the one hand, and certain sociological phenomena, on the other hand, which, although they may have indirectly a selective influence and may be regarded as representing, from one point of view, preliminary stages in the selective process, must not be confused with the definite phenomena of selection in the proper sense. Selection signifies the increase of certain types or certain variations, the decrease, absolute or relative, of other types or variations. It is a matter of physical survival and increase, or of decrease and perhaps extinction. Social selection, involving then an actual change in the numerical relations of the different types of men, is to be sharply distinguished from the mere movement of certain types from one social or political class to another, or from place to place, and from other phenomena of a similar order. This distinction is by no means a pedantic one; and it is necessary to insist upon it, because even careful writers on sociological topics confuse the essential fact of numerical selection with these preliminary processes. It is common, for instance, to speak of the competition for wealth and power in human society as the counterpart of "the struggle for existence" in the animal world. But the animals that are successful in the struggle for existence are, by definition, those which continue to propagate and increase. In human society, on the other hand, those who are most successful in the struggle for place and wealth often, if not generally, fail to keep up the numerical proportion of their race. Extinction is often the price of success. In such cases the outcome of selection, in the accurate sense, is exactly opposite to the outcome of the process that is sometimes misleadingly termed selection.

Of the social processes thus distinguished from selection two of the most significant may be designated respectively by the terms "stratification" and "displacement." The dissociation of a previously homogeneous population may occur when one distinguishable group or type among that population comes to occupy a social or political position distinct from the other groups. There is then a social stratification of the different elements of the population. Such a stratification may be temporary and flexible, or may be permanent and sharply marked, even to the point of reaching a system of rigid and hereditary caste or a system of serfdom or of slavery.

The dissociation may be brought about, in the second place, by a geographical movement of a distinguishable element of the population. Such a movement may take the form of the abstraction of the element in question from the given community (as by emigration to foreign countries) or of its concentration in certain localities within the community (as by migration from the country to the cities).*

The study of either of these forms of dissociation presupposes the possibility of distinguishing between certain essential elements or types among a given population. Various grounds of distinction might be utilized. The "social anthropologists," of whom Lapouge and Ammon are the pioneers, have investigated both the process of stratification and that of displacement on the basis of the division of the population of Western Europe into three fundamental elements: the dolichocephalic blond type (*Homo Europaeus*), the brachycephalic type (*Homo Alpinus*), and the Mediterranean type. With reference especially to the first two of these types, they have formulated two principles or laws, the first of which concerns the process of stratification, the second the process of displacement.

These laws may be stated as follows:—

I. Law of Social Stratification. The dolichocephalic type, being psychologically more domineering and ambitious, is more generally represented among the higher and ruling classes;

*For a discussion of the relation of stratification and of displacement the reader is referred to the *Quarterly Journal of Economics*, January, 1896, pp. 161-166.

the brachycephalic type is found generally in a subordinate social position. The law, then, affirms the social superiority of *Homo Europaeus*.

II. Law of Displacement. The dolichocephalic type, being more enterprising and restless, is more largely represented among the migrants to the cities and to foreign countries. The law affirms the greater mobility of *Homo Europaeus*.

These laws are of course formulated provisionally as working hypotheses, to be verified or modified, as the case may be, in the light of more extensive data. In the article in the January number the evidence then available with reference to the law of displacement was presented, and the conclusion was reached that in a community of the anthropological character of that of France or of South Germany the migratory element of the population is more dolichocephalic than the stationary element. The question of the degree of the universality of the law was suggested. It was questioned whether the same result would be reached in an investigation of the anthropological character of migration among a comparatively dolichocephalic population, such as that of England, where the comparison would be not so much between brachycephalic and dolichocephalic elements as between elements of different degrees of dolichocephaly. It was pointed out that certain English data raise, perhaps, a presumption in the negative; and it was suggested that the migratory disposition is possibly characteristic not so much of the extremely long-headed type as of an intermediate type, which, although appearing as exceptionally dolichocephalic among such a generally brachycephalic people as the French, would not differ much from the average of the English population.*

This hypothesis seemed to offer an explanation also of the results of Professor Don Oloriz's researches in Spain,† from which it appears that the urban populations (composed largely of migrants from the country or of immediate descendants of

* Lapouge holds in general that the extremely dolichocephalic races are lacking in intelligence, as are the brachycephalics in will power. "I do not know a superior population with an average cephalic index below 74." "*Homo Europaeus* [index 72-76] represents the best combination" of intelligence and will power. *Les Sélections Sociales* (Paris, 1896), p. 79.

† *Distribución Geográfica del Índice Cefálico en España, deducida del Exámen de 8,368 Varones Adultos*. (Madrid, 1894.)

migrants) are by no means uniformly more dolichocephalic than the surrounding rural populations. The inference suggested in the previous article, then, was that migration is largely composed of a type which is not exceptionally long-headed among a population so generally dolichocephalic as the Spanish.* A similar hypothesis furnishes also a possible explanation of the results reached in the monumental work of Dr. Ridolfo Livi upon the anthropological character of the Italian population.†

The eminent German anthropologist, Otto Ammon, suggests in a recent communication an interpretation of the Spanish and Italian data, which, while it does not necessarily conflict with or exclude that above indicated, contains a new and interesting hypothesis. That hypothesis is, briefly, that just as, whether from the point of view of psychical superiority or from the point of view of mobility, the brachycephalic type ranks below the dolichocephalic blond, so also does the Mediterranean type (dolichocephalic brown) rank below the brachycephalic.

This view may be applied first to the elucidation of Livi's data with reference to social stratification. The data show

* *Quarterly Journal of Economics*, January, 1896, p. 185, foot-note. "We have seen that . . . the brachycephalic elements are stationary as compared with the relatively dolichocephalic elements; but it does not follow necessarily that these latter are more stationary than the still more dolichocephalic type common among the population of England, or, in other words, that the migratory disposition increases inversely as the cephalic index falls. There is, indeed, some reason for thinking that, on the contrary, the migrants belong pre-eminently to a sort of intermediate type." Cf. Lapouge, *Les Sélections Sociales*, p. 391. "There is always an ethnic contrast between urban and rural populations where such a contrast is possible, which implies that we will not find it in England where the brachycephalic element plays an insignificant rôle." See also pp. 403-405, 368. Cf. also Otto Ammon, *Fortschritte der Anthropologie und Sozial-Anthropologie*, in *Naturwissenschaftliche Wochenschrift*, May 17, 1896. Recent statistics comparing the highly educated and the non-scholarly classes in Italy, Spain, and England, serve to test the law of the relative dolichocephaly of the higher social classes. "At first glance the law seems to hold good in North Italy, but not in South Italy, Spain, or England. This is easy to explain, because in countries which, like South Italy, Spain, and England, are inhabited by a pre-eminently dolichocephalic population, whether of the Mediterranean or of the North European type, it is impossible to distinguish the scholarly classes of Aryan [dolichocephalic blond] origin by any degree of dolichocephaly greater than that high degree prevalent among the mass of the population."

† *Antropometria Militare, Risultati ottenuti dallo Spoglio dei Fogli Sanitarii dei Militari delle Classi, 1859-63 . . . Parte I. Dati Antropologici ed Etnologici*. (Rome, 1896.) This work is based on the examination of over 299,000 subjects.

that among the comparatively brachycephalic people of the northern part of Italy the scholarly classes are more long-headed than the average of the population, whereas among the dolichocephalic southerners the scholarly classes are more round-headed than the average.* Ammon's explanation is that in the north the scholarly classes, being drawn rather from the descendants of Aryan immigrants, are of the type *Homo Europaeus*, whereas in the south the brachycephalic type works itself up into professional life to the exclusion of the Mediterranean type, of which the masses of the south Italians are composed. Under this interpretation, then, these researches of Livi constitute no refutation of the law of social stratification, but rather "a most welcome confirmation and extension of it." His researches show that, so far as the respective prevalence of the learned pursuits is a test of superiority, the dolichocephalic blond type stands first, the brachycephalic type second, and the Mediterranean type third in the hierarchy of races.†

This view of Ammon's supplies also an interpretation of the results reached by Livi and by Professor Don Oloriz in Spain with reference to the displacement of the different elements of population. Livi found that "in the brachycephalic part of Italy (the north) the urban centres are less brachycephalic than the rest of the region; that, on the other hand, in the dolichocephalic part (the south), these centres are more brachycephalic."‡ The explanation is that in the north the opportunities of city life attract (just as we have seen that the scholarly pursuits attract) the dolicho-blond rather than the brachycephalic, and in the south the brachycephalic rather than the Mediterranean. The same explanation is applicable to the data of Oloriz in Spain. There, as in Italy,

* Livi, *Antropometria Militare*, p. 91.

† The same relative worth of the three types is indicated in an analogous way by certain data in regard to France. In this case the choice of habitation is taken as the test of superiority, on the principle that the superior race takes possession of the more fertile lowlands, leaving the more barren mountain country to the less vigorous and aggressive elements of the population. (Cf. Collignon, *L'Anthropologie*, 1890, p. 204.) Now in the north of France, where the comparison is between *Homo Europaeus* and *Homo Alpinus*, the latter has to content itself with the uplands, whereas in the south it occupies the more fertile regions to the exclusion of the Mediterranean type.

‡ Livi, *Antropometria Militare*, p. 89.

the residents of cities in the comparatively brachycephalic provinces are more dolichocephalic than the rural population, whereas in the dolichocephalic provinces the urban residents are more brachycephalic than the country people. In the brachycephalic provinces it is the dolicho-blonds—descendants of Aryan immigrants—that have concentrated in the cities, leaving the brachycephalic population to the cultivation of the farms. In the dolichocephalic provinces, on the other hand, where the Aryan element is absent, the movement to the cities has drawn rather upon the comparatively brachycephalic element, and left behind the type by which these provinces are mainly peopled,—the type least of all disposed to migration,—the Mediterranean.

If the hypothesis of Ammon, as above outlined, be sustained, we have in the data of Livi for Italy and Oloriz for Spain the basis for an extension and completion both of the law of stratification and of the law of displacement. We have not only a confirmation of the relative places in the hierarchy of races, both as regards capacity and as regards mobility, that Lapouge and Ammon have assigned respectively to *Homo Europaeus* and *Homo Alpinus*, but we have also evidence that the Mediterranean type belongs in both respects at the bottom of the scale, and that *Homo Alpinus* occupies then the intermediate position.

Apart from this discussion as to the classification of the Mediterranean type, there has appeared since the publication of my previous article certain additional evidence with reference to the relative position of *Homo Europaeus* and *Homo Alpinus* from the point of view, on the one hand, of stratification, and, on the other hand, of displacement.

As regards social stratification, a recent paper by Lucien Chalumeau, of Geneva, on "The Influence of Stature in the Formation of Social Classes," based on army statistics of the last ten years, shows that the height is in close correlation with the social position of the subjects.* The author adopts the explanation that the tall dolichocephalic element enters more largely into the higher classes.

* *Influence de la Taille Humaine sur la Formation des Classes Sociales. Extrait des Pages d'Histoire dédiés à M. le Professeur Pierre Vaucher.* Geneva, 1896.

As regards the law of displacement, additional evidence is presented in a paper* by the eminent French anthropologist, Dr. Collignon, in which he embodies his researches in the south-west of France referred to in my previous article, and in which he gives in his adherence to the views of Ammon and Lapouge. The following table shows the degree of urban concentration of the more dolichocephalic elements in the several cities studied:—

City.	Index of urban population.	Index of surrounding rural population.
Bordeaux	79.5	81.8
La Rochelle	81.4	82.3
Pau	82.1	84.1
Bayonne	80.5	82.4
Tarbes	85.0	86.8

Much interesting material with reference to the displacement of the elements of population is presented in the chapter on economic selection in the masterly work of Lapouge, *Les Sélections Sociales*.† It must suffice to cite here the author's explanation of certain phenomena sometimes regarded as exceptions to the law of the superior mobility of the element *Homo Europæus*:—

“The knowledge of the causes which render urban populations in general more dolichocephalic than surrounding rural populations leads us to expect that in the case of certain cities the reverse result will be found. Suppose a city placed amid a dolichocephalic population, but attracting immigrants from a distance as well as from the immediate vicinity. If part of these migrants come from comparatively brachycephalic regions, they may well be (although less brachycephalic than the average population from which they come) more brachycephalic than the populations in the immediate region of the city; and they may thus raise the average index of the city above that of the neighboring cantons. This phenomena may be understood by an analysis of the conditions at Montpellier. At present the urban population is apparently just at an equilib-

* *Annales de Géographie*, January, 1896.

† Paris, 1896. For a summary of this work see the *Journal of Political Economy*, September, 1896, pp. 449-466.

rium, with the rural, each averaging 81.6. But, if one compares the seriations published in my *Matériaux*, one sees the fictitious character of this equilibrium. The indexes of the urban series of 99 individuals vary from 72 to 91, the indexes of the 78 rurals vary from 75 to 91. The second series is regular; but the urban series contains an undue proportion, on the one hand, of decidedly dolichocephalic subjects (70-74), representing the urban element proper, and, on the other hand, of relatively brachycephalic elements, representing the immigrants from the back mountain country. In fact, Montpellier draws over two-thirds of its immigrants from Aveyron, Lozère, and the mountainous parts of Gard and Hérault. Immigrants come also from the immediately surrounding region, but in less degree. It is certain that sooner or later the influx of immigrants with an index of about 84 will raise the index of the city above that (81.6) of the rural regions immediately adjoining it.* Nîmes appears to be in the same position as Montpellier. In Spain, Valencia, a great port of commerce, the capital of a notably dolichocephalic province with an index of 76.88, has itself an index of 77.50. Likewise for Malaga, which has considerable immigration from France, the urban index is 79.32, while the rural index is 78.92. Granada presents the same characteristic, but it is uncertain whether the explanation is the same. In Norway, where the average index is about 77, the influx of foreigners has apparently raised the index of the maritime centres. It is probable that this is true also of certain English cities which receive a large proportion of immigrants from the continent."

It remains to consider briefly certain criticisms of the article in the January number of this *Journal*. A writer in *Le Monde Économique* suggests, as an explanation of the fact that "the figures for the English cities do not show the same preponderance of dolichocephalic" elements as compared with the country generally as in the case of France, the existence among the English population of the dolicho-Mediterranean type.

* This process has been long going on, and has already raised the urban index above its ancient point. Skulls indicate that the higher classes of the city formerly averaged about 76.5, the mass of the people about 80.

His suggestion with reference to England is then virtually the same as is Ammon's with reference to Spain and South Italy. Indeed, the writer applies the hypothesis also to the former of these countries. "The presence of this same element in Spain," he suggests, "explains the fact that in that country there is not a preponderance of the dolichocephalic type in the migration to the cities."* The presence of the dolicho-brown type is probably a better explanation for the Spanish data than for the English. The dolicho-brown type enters in no such considerable proportion into the population of England, and is doubtful whether it is there sufficiently numerous that its presumably non-migratory habits should effect noticeably the relative morphological character of the stationary rural classes and of the urban migrants. Moreover, if it did enter largely into the problem, its greater prevalence among the rural populations would probably cause them to appear considerably darker than the urban populations. But in Great Britain it is the town residents who appear the darker.† The hypothesis suggested in my previous article still seems to me the principal explanation, although that brought forward by the French writer may help to account for some of the facts, as does also the passage above cited from the recent work of Lapouge.

A much more elaborate criticism of my article and of certain essays of Lapouge,‡ of which it was in part a restatement, has recently appeared from the pen of Dr. W. Z. Ripley.§ In so far as the objections urged bear upon my paper, they may be commented upon under four heads.

1. Dr. Ripley points out that much of our data is meagre in amount.|| The meagre character of much of the statistical material was acknowledged in my paper; and it was suggested that the "uniformity of results is perhaps even more remark-

* N. C. F., *La Dissociation par le Déplacement: Phase de la Sélection Sociale*, in *Le Monde Économique*, February 15, 1896.

† Dr. John Beddoe, *The Anthropological History of Europe* (Bristol, 1893).

‡ In the *Revue d'Économie Politique*, December, 1895, and February, 1896.

§ *Ethnic Influences in Vital Statistics*, in *Publications of the American Statistical Association*, March, 1896.

|| *Ibid.*, p. 38.

able, because the very scantiness of the data gives so much the more chance for the influence of accidental disturbing causes."

2. Dr. Ripley urges that, while the people of urban centres are probably in general more dolichocephalic than those of the rural regions, they are rather darker than lighter. Therefore, it is not the dolicho-*blond* type that concentrates in the cities.* He collects much interesting evidence in support of this statement. In part the fact that urban populations are often darker is to be explained by the consideration that they are, in fact, sometimes more brachycephalic. In accordance with the explanations rehearsed above, they are sometimes made up more largely than the surrounding country populations of the brachycephalic (and doubtless the dark brachycephalic) element. So far, however, this would be an objection to my argument only if I asserted the universality of the concentration of the dolichocephalic blond element. But, more than this, I freely admit that the urban populations, even when they are the more dolichocephalic, may also be the darker. This might occur, for instance, if the migrants cityward were not so much of the pure dolicho-blond type as of a mixed type which combined the dolichocephaly of *Homo Europaeus* with the dark coloration of *Homo Alpinus*.† It may seem perhaps somewhat Pickwickian to refer to these relatively dark dolichocephalic urbans as dolicho-blonds; and, if Dr. Ripley's objection were to the terminology only, it would be perfectly valid. It would be better to designate these northern dolichocephalic urbans by some term that would leave the color question an open one. But my critic goes much further than this, urging that "the connection of the dolichocephaly of the cities with the blond Germanic type . . . is utterly unfounded." On the contrary, there is strong reason to hold that the dolichocephalics of most of Western and Central Europe (except the southern peninsulas) derive their dolichocephaly from blond ancestors, and that those of purer stock

* *Ibid.*, pp. 32, 33.

† Something like this appears to be the case in Baden, where the dolichocephalics of the cities are of a darker type than the dolichocephalics of the country as a whole. Cf. Ammon, *Natürliche Auslese beim Menschen* (Jena, 1893), § 171. Cf., however, on this point Lapouge, *L'Anthropologie* (1893), p. 375.

among them are those that combine the light coloration with the long form of the head. Those who show the darker coloration may for the most part be regarded as deviating in this respect from the pure type of *Homo Europaeus*, but, nevertheless, as constituting a variety of that type, somewhat altered, but still very closely related in essential physical and psychic characteristics.*

3. Dr. Ripley implies that the migratory element in the south of France is made up of the short dolicho-brown stock rather than of *Homo Europaeus*, accusing us of persistently confusing the dolichocephalic migrants, "short brunette Méridionaux," with "the blond and tall Germanic type." Our failure to compare the migrants with the stationary population in respect to stature and coloration, as well as to cephalic index, was due to no such naïve confusion, but to the fact that Collignon's description of the populations from which our migrants came embraced only the cephalic index, thus depriving us of any other basis of comparison. I think it extremely probable that, contrary to Dr. Ripley's implied assumption, the migrants in this region would show a larger proportion of blond individuals, or at least of *Homo Europaeus*, and a less proportion of the Mediterranean type, than the stationary populations from which they come. Maps published by Lapouge indicate that in Hérault, at least, there is a considerable part of the population which combines the usual marks of *Homo Europaeus*,—dolichocephaly, light coloration, and good height.† This type probably enters largely into the migratory element. Moreover, it is, on the basis of the theory of Ammon summarized in the present paper, very unlikely that the migrants of Southern France are composed in any great part of the Mediterranean type, which appears the most stationary of all.‡

4. Dr. Ripley seeks lastly to substitute for the law of the

* Cf. Ammon, *Natürliche Auslese*, § 399.

† *Matériaux pour la Géographie Anthropologique du Département de l'Hérault*.

‡ This perhaps explains why our migrants from Bouches-du-Rhône and the Pyrénées-Orientales were somewhat less dolichocephalic than the average population of these departments, which is presumably made up in part of the Mediterranean type.

concentration in the cities of the dolichocephalic elements a law which he borrows and generalizes from Livi's recent work, and which might be designated as the law of the intermediate cephalic type of urban populations. Livi, finding that in the brachycephalic parts of Italy the city populations were the more long-headed, in the dolichocephalic parts the more round-headed, argues that this is because the urban populations, being more cosmopolitan and mixed in their composition, are more nearly identical with the average of the whole country; while the rural communities retain their original cephalic index, either below or above this average, as the case may be.* Ripley, generalizing this "common and simple principle that the urban . . . classes are the result of more ethnic intermixture than is the rural population," attempts to explain thereby the facts of ethnic displacement. "The affirmation of prevalent dolichocephaly in cities heretofore has been due," he says, "to the fact that those regions which have been most carefully studied have happened to be more brachycephalic than the average,† in which case the cities would tend to have their indices lowered by intermixture with immigrants from more dolichocephalic regions."‡ If our data had simply indicated that the cities in the regions studied were more dolichocephalic than the surrounding regions, the above explanation might perhaps be applicable. But our data showed also that the emigrants from the rural regions were in the cases studied more dolichocephalic than the stationary population which remained behind. This fact, which shows the working of the process by which the cities in question have become more dolichocephalic, is in no sense explained by Dr. Ripley's theory. In a word, his hypothesis might be applicable to the facts of urban concentration if they stood alone; but it is not applicable to the facts of displacement as brought about in the rural regions by migration to the cities. Neither is it applicable to other evidence which we presented with reference to the greater general mobility of the relatively

* Livi, *Antropometria Militare*, p. 87, ff.

† Yet the same phenomenon appears in the south-west of France, where the population is considerably less brachycephalic than the average of France.

‡ Ripley, *Ethnic Influences in Vital Statistics*, p. 39.

dolichocephalic type as contrasted with the brachycephalic type.

To sum up, it appears that recent investigations tend to confirm both the law of social stratification and the law of displacement substantially as they have been stated by Lapouge and Ammon. When the comparison is between *Homo Europaeus* and *Homo Alpinus*, the former seems to be superior in general psychic ability and character, and to rise therefore to the higher position in the process of social stratification. He appears likewise to be more enterprising and aggressive, and consequently to constitute the more active or migratory element in the process of displacement. Beyond this, recent data, particularly from Spain and Italy, indicate that the Mediterranean type is to be ranked below both of the other types, on the one hand as regards the capacity to occupy the higher positions in society, and, on the other hand, as regards disposition to migrate from one locality to another in the search for better conditions.

CARLOS C. CLOSSON.

THE Clarendon Press will publish immediately *Lectures on Justice, Police, Revenue, and Arms*, delivered by Adam Smith at the University of Glasgow in 1762-63, and then reported by a student. It is stated in the *Economic Journal* that the manuscript report has been traced back to 1811, and that, though there is no clew to the name of the student, its genuineness is unquestionable. The publishers' announcement informs us that the passages on "Police, Revenue, and Arms," seem to be almost entirely a first draft of the *Wealth of Nations*, while the greater part of what relates to "Justice" is new. An interesting passage in the new part attacks the early employment of children. Mr. Edwin Cannan, into whose capable hands the editorship of the volume has been put, will add an introduction and notes, and references to the authorities used by Adam Smith.

All students of economic thought will be interested in this remarkable find. It will throw much light — very probably give a solution — on a question which has been the subject of no little discussion of late years: the extent of Adam Smith's indebtedness to the Physiocrats. Several students of the course of economic thought have concluded, from internal evidence, that Adam Smith borrowed very much indeed from his French contemporaries; while others have been led, again by internal evidence, to precisely an opposite conclusion. If it appears that the *Wealth of Nations* was substantially complete in the form of lectures as early as 1763, before Adam Smith went to France, the evidence in favor of his independence and originality will be vastly strengthened. It may be recalled that some testimony to the early preparation of the substance of the *Wealth of Nations* has always existed. John Millar, who heard Adam Smith's lectures as a pupil, and later was himself professor at Glasgow, informed Dugald Stewart, in the account he supplied of the Glasgow lectures for Stewart's memoir, that "what Adam Smith delivered on these subjects [political institutions relating to commerce, to finances, to ecclesiastical and military establishments] contained the substance of the work he afterwards published" as the *Wealth of Nations*.* Apparently, we have now a complete confirmation of this significant statement, whose brevity has prevented it hitherto from receiving the attention it probably deserved in the inquiries as to the sources of Adam Smith's doctrines.

WHEN the German Sugar Bounty Act was passed in 1891,† it was expected to bring to an end, not only in Germany, but in other countries as well, the remarkable system of export bounties, then admitted to have become untenable both in its fiscal and in its economic effects. That act, it will be recalled,

* See Millar's account of the lectures contributed to Stewart's *Account of the Life and Writings of Adam Smith*, in Stewart's *Works*, vol. x. pp. 11-13. Compare what is said in Mr. Rae's *Life of Adam Smith*, pp. 53-57, of Millar's relations with Adam Smith.

† See this *Journal*, vol. vi. p. 96.

had substituted a direct and open export bounty for the previous disguised bounty (*i.e.*, excessive drawback), and had also provided that the new bounty, after gradual reductions, should finally cease in 1897. But the sugar tax and bounty act, passed by the Reichstag in May last (act of May 27, 1896), returns to the old ways, re-establishes the export bounty, and puts an end for the time being to all prospects for the abolition of the existing artificial stimulus to the sugar industry of continental Europe.

The new act provides, first, for an increase of the domestic sugar tax; second, for a new bounty on export; and, third, for a limitation of the production of sugar. The domestic tax is increased from 18 to 20 marks per 100 kilograms, the new rate being thus 2.2 cents per pound. An export bounty is established of 2.50 marks per 100 kilograms on raw sugar and on the lower grades of refined sugar, of 3.00 marks on intermediate grades of refined sugar, and of 3.55 marks on the highest grades. The bounty of 1891 on raw sugar had been 1.25 marks, and had fallen in 1895 to 1.00 marks, so that the new measure not only retains the system of export premiums, but carries it to a higher point. The last set of provisions, for the limitation of production, are new and peculiar. All sugar pays an extra tax, not large at the outset, but made gradually heavier as the product of a given factory becomes larger. For the first four million kilograms produced in any one factory the extra tax is at the rate of .10 mark per 100 kilograms; for the next million it rises to .125 mark; for the next million to .15 mark; and thereafter the rate becomes higher by .025 mark for each additional million. Production on a great scale is thus subjected to a handicap which increases as the scale of operations enlarges. The figure of four million kilograms, beyond which this handicap begins, is the present average product per factory in Germany. Further, an increase of product for the sake of getting a larger slice of the new export bounty is effectively checked by limiting and apportioning the quantity on which the bounty can be secured. A total product of 1,700 million kilograms is fixed for 1896-97 (which exceeds somewhat, it may be remarked, the product of the year preceding); and this total is appor-

tioned among existing factories on the basis of their recent output. For future years the total is to be enlarged by adding annually twice the increase in the previous year's domestic consumption of sugar. Any factory which exceeds its apportioned amount must pay a special tax on the excess equal to the export bounty on raw sugar. The design of this whole set of regulations is evidently to prevent an increase of production, and more especially an increase for export purposes,—a design which appears further in the provision that any new factory gets no share at all in the apportioned total for its first year, and an allotment of only half its capacity for the second year. The fear of overburdening the imperial Treasury by heavy bounty payments probably had quite as much to do with these restrictions as apprehension of the economic consequences of increasing production.

Thus the new legislation increases the tax for German consumers of sugar, while making it practically certain that German sugar will continue to be sold, in even greater degree than in the past, for less than cost to foreign consumers. The imperial Treasury is saved from loss by the increase of the domestic tax, which offsets the heavier payments for export bounty. The act was passed in compliance with the demands of the "agrarians," who feared a decline in the demand for sugar beets from the expected abolition of the export bounty, and who now secure the retention of the *status quo*, and something more. International rivalries, and the refusal of other countries to abandon the county system, also had their effect in bringing about the measure. Taken as a whole, it must be confessed that the measure has a mediæval air, and is in singular contrast with that legislation on social questions in which the Germans take so much pride as representing the most advanced thought of the century. The millennium has not yet come, even in Germany.